

# **State of Alaska FY2003 Governor's Operating Budget**

**Department of Transportation/Public Facilities**

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**Department Mission**

To improve the quality of life for Alaskans by cost effectively providing, operating and maintaining safe, environmentally sound and reliable transportation systems and public facilities.

**Department Goals and Strategies**

Improve the way Alaska builds and maintains its transportation system, with a significant commitment to public participation in development of the State Transportation Improvement Program (STIP) and capital budget.

Bring Alaska's portion of the National Highway System up to national design standards.

- Competitively select community transportation projects on a statewide-needs basis through an objective system, developed with community participation.

Evaluate new transportation segments that might support significant economic development.

- Incorporate trails, recreational facilities, scenic enhancements and visitor services in our transportation program.
- Propose the use of bonding for additional large construction projects.

Protect Alaska's investment in infrastructure by maintaining and operating over 13,000 lane miles of state roads, almost 700 buildings, 261 rural airports and 76 ports and harbors.

Invest federal construction funds in projects that reduce maintenance costs.

- Use regional maintenance equipment pools, directed to the highest need, to reduce the number of maintenance vehicles.

Implement a management structure which will identify and transfer cost saving maintenance techniques to other regions.

- Encourage local governments to assume ownership of local facilities.

Work toward implementing a stable funding base for operation, maintenance and improvements of facilities.

Operate the Alaska Marine Highway System to meet the surface transportation needs of Southeast, Southwest and Southcentral Alaska communities.

Refurbish and maintain vessels to allow for continued operation.

- Reduce financial losses for vessel services that are not required for safety reasons.
- Work with communities to promote system use.
- Develop and implement regional plans, which increase efficiency while improving services to the public.

Maintain, operate and promote Anchorage and Fairbanks International Airports, which are vital to the state's economy.

Maintain and construct infrastructure to give Alaska a competitive market advantage, especially for international and domestic cargo traffic and tourism.

- Maintain and construct infrastructure to meet both required safety standards and capacity demands.

Promote passenger service between Alaska and international destinations.

- Provide facilities that support efficient operations and continued economic growth.
- Provide a safe airport environment for both air and ground operations

**Key Department Issues for FY2002 – 2003**

Departmentwide:

In 1998 the Transportation Equity Act for the 21st Century (TEA-21) was enacted which lays out transportation entitlement funding for 6 years. The level of Alaska's basic entitlements will grow from the previous Act's \$200 million to over \$300 million during those years. Various discretionary funds were created in which Alaska can request participation including ferry, border crossing, public lands and bridge and corridor funding. Work has already begun on the next reauthorization legislation for the Federal Highway Program. The Department is taking an active role to preserve the State's funding levels.

The Airport Improvement Program under the Federal Aviation Administration (FAA) was reauthorized in the spring of 2000. The new AIP includes a growth of state entitlement funding from \$90 to \$145 million. Other changes implemented by the FAA include a requirement that 90% of all projects over 4 years of age must be closed or future funding will be withheld, and a requirement that 10% of all eligible reimbursements will be withheld until a project is closed. This has prompted a review of the Department's project closure processes.

Security is now a major issue following the events of September 11. Requirements for security are changing daily for the airports, marine highway terminals and vessels, and other surface infrastructure including tunnels and bridges. Additional resources are needed to perform mandated functions such as security management, inspection, law enforcement, access control, parking area and perimeter patrols, and administrative functions. The department must be able to respond to these changing priorities.

The Governmental Accounting Standards Board statement No. 34 adopted in June 1999 requires the reporting of infrastructure in the state's annual financial reports. Decisions need to be made and implementation plans formulated to meet this reporting requirement. Requirement analysis is needed to determine what data and systems currently exist that can be used to meet these requirements. Finally, a process should be developed for documenting and reporting the costs of infrastructure assets.

#### Maintenance and Operations:

The State Equipment Fleet (SEF) operates 44 shops and has more than 150 employees that provide general and preventative maintenance and all parts supply. There are approximately 7,600 vehicles accounted for in the fleet information system, with 4,800 vehicles comprised of light duty, heavy duty and attachments under SEF management. The Department contracted with a private fleet management-consulting firm to take a broad review and a detailed performance and productivity evaluation of the delivery of fleet services. In January 2001, an in-depth status report on the management and maintenance of the State's fleet and list of recommendations was completed. Implementation of approved recommendations will take time and resources, but should result in more efficient fleet operations.

#### Measurement Standards and Commercial Vehicle Enforcement:

The department has received Federal Highway Administration funding to develop intelligent transportation systems for commercial vehicle operations (ITS/CVO). The ITS/CVO program is focused on the use of technology to streamline state regulatory, enforcement and motor carrier practices increasing levels of safety and productivity for both states and carriers. A business plan has been developed and has been approved by the Federal Motor Carrier Safety Administration. Funding has been identified for bringing commercial vehicle safety information to commercial vehicle inspectors at the roadside, developing a system to enable motor carriers to submit applications for oversize and overweight permits electronically, and installing weigh in motion systems at the Glenn Outbound and Potter Weigh/Inspection Stations.

#### Alaska Marine Highway System:

Inadequate general fund revenues to support the AMHS have caused rapid depletion of the Marine Highway Fund. Last year's fire and lay-up of the Columbia did not help this situation. The Department needs to take a more aggressive approach towards revenue generation to support the system. An independent marketing and fee study was completed that identified 80,000 potential customers available to the AMHS. Recommendations in the study will be analyzed and implemented where possible. Web based ticket procurement will be further refined during this fiscal year. The preliminary steps towards implementation of the Southeast Transportation Plan, are underway which will eventually result in greater efficiency, and reduced costs.

#### International Airport System:

The "Gateway Alaska" program at the Ted Stevens Anchorage International Airport is a revitalization program to improve access to the airport. Of significant statewide importance, the Gateway Alaska initiative includes the airport terminal project and infrastructure improvements on roads leading to the airport. The system will focus on its cargo marketing effort to maintain and enhance international cargo business.

## Major Department Accomplishments in 2001

During the first full year of operating the Whittier Tunnel, vehicle traffic met the predicted revenue collection goals.

- The Department delivered a comprehensive program of bid ready designs and contract documents for projects
- across the state and, as a result, received an additional \$2.2 million in Federal Highway Administration funding.

- Coordinated with borough governments to "Pave and Transfer" small roads. Traded maintenance responsibilities for 35.2 road miles with local city and borough governments to more efficiently sand and plow snow, paint streets, and clean out storm drains.
- Successfully tested and put into practice electronic payments to contractors and other large vendors.
- Implemented an email capability on each AMHS vessel and provided for email delivery when near a wireless bridge.
- Received FHWA approval of Internal Annual Assurances/Affirmative Action Plan with no findings.
- Increased Commercial Vehicle Safety field inspection personnel, trained all personnel to perform North American Standard (NAS) driver and vehicle inspections, achieved National Certification of all field personnel by the Commercial Vehicle Safety Alliance (CVSA); trained all personnel to perform hazardous materials inspections and cargo tank inspections.
- Re-established recognition of the Metrology Laboratory (weights and measures) by the National Institute for Standards and Technology (NIST).
- Emphasized safety awareness through greater communication with public, through various forms of media (public exhibits, workshops, newspaper advertisements). The Department entered into agreements with local police departments for officer presence at construction sites during peak traffic hours, enforcing compliance with speed limits.
- Applied chip seal, hot mix, or high float asphalt to 206.7 lane miles of road.
- Completed feasibility study to define a maintenance management system that will best meet the department's current and future needs.
- 13.4 billion pounds (all cargo landed weight) transited or transferred through Ted Stevens Anchorage International Airport with current cargo landings 11-12% higher per month than this time last year.
- After two years of non-stop negotiations, new operating agreement language between the international airports and major air carriers was finalized in late spring.
- A new Alaska Marine Highway System reservations building was constructed to house the Juneau Reservations and Ticket office and to provide a more convenient location and greater accessibility for the public and employees.
- Completed development of the Prince William Sound/Copper River Area Plan.
- Implementation of SE Alaska Transportation Plan is on track. The plan encompasses construction of new roads, ferries, and terminals to enhance transportation in SE Alaska. As part of the plan, an RFP was developed for the first fast vehicle ferry in Alaska.
- The Department received eight awards for the design and construction of the Whittier Tunnel including;
  - The 2000 Excellence in construction Award from the Associated General Contractors of Alaska,
  - The Total Program Excel Award for Public Involvement from the American Association of State Highway Transportation Officials (AASHTO),
  - The Portland Cement Association 2000 Concrete Bridge Award Recognizing Excellence in Design and Construction of Concrete Bridges,
  - The 2001 Design Build Institute of America's Best Project (public sector over \$15 million),
  - The F.W. Dodge Award for Outstanding Engineering Design Project and Outstanding Heavy/Highway Project,
  - The Glove Award for Excellence in Environmental Protections and Mitigation by the American Road and Transportation Builders Association,
  - The 2001 Grand Award from the American Consulting Engineers Council, and
  - The prestigious American Society of Civil Engineers 2001 Outstanding Civil Engineering Achievement Award.
- Tom Moses, project manager for the Whittier Tunnel project received the AASHTO President's Award for Highways and the Western Association of State Highway & Transportation Officials' Hewes Award.
- Two team awards have been received from AASHTO Team Recognition Program. Southeast Region's repatriation of bodies interred in Sitka (called The Journey Back Home) received the Exemplary Partner award and the Headquarters led Quality Financial Management Initiative Team on Indirect Cost Allocation Plan Implementation received the Trailblazer award.

## Governor's Key Department-wide Performance Measures for FY2003

### Measure:

Design and Engineering Services - The percentage of federal highway funds obligated in the previous federal fiscal year. Sec 144(b)(1) Ch 90 SLA 2001(HB 250)

### Alaska's Target & Progress:

100% of federal highway funds were obligated. The Division's performance placed the Department in a position to receive an additional \$ 2.2 million in funding from the Federal Highway Administration compared to an additional \$1.5 million in FY2000. The additional funds were available because other states were not as well prepared and were unable to obligate their full allocation of federal-aid.

#### Benchmark Comparisons:

All states attempt to achieve 100%.

#### Background and Strategies:

The Division strives to obligate all federal funds that are available to the state for highway projects. The staff continue to work diligently on that front, reporting regularly on their projects to the Division management, and through a computerized management reporting system, to ensure that projects are delivered on time.

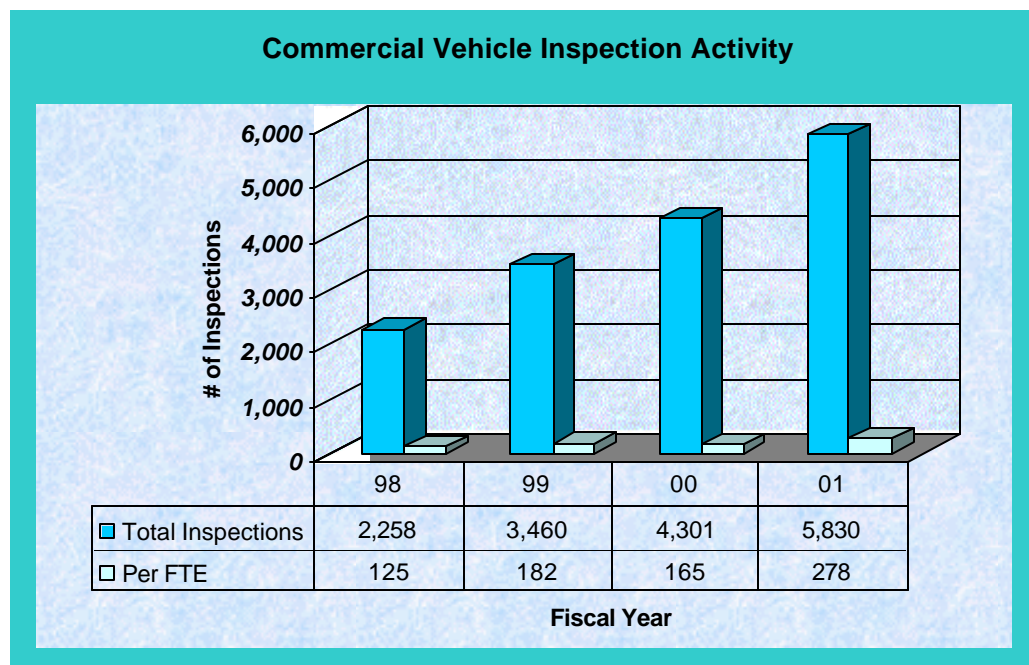
#### Measure:

Measurement Standards and Commercial Vehicle Safety - Commercial vehicle safety inspections per full-time equivalent employee of the division.

Sec 148(b)(1) Ch 90 SLA 2001(HB 250)

#### Alaska's Target & Progress:

During FY2001 actual performance was 278 inspections per full-time-equivalent employee of the division compared to 165 per full-time-equivalent employee in FY00. The Division completed 5,830 inspections during FY2001.



#### Benchmark Comparisons:

To date, there is no established national standard for this performance measure, although the Department's goal is to reach 8,000 – 10,000 inspections per year.

#### Background and Strategies:

The division anticipates further efficiencies through streamlining the inspection process by implementing electronic inspection reporting at the field level. Two laptops were deployed in September to test this new electronic reporting system and five more were deployed throughout the fiscal year. In addition nine out of the ten fixed weigh stations are now testing this new electronic inspection reporting system. During FY01 six employees were trained in motorcoach

safety inspection, five in compliance review, five in hazardous materials, three in motor carrier safety grants management and five on the Safetynet program.

**Measure:**

The percentage of highway and airport lane miles per full-time-equivalent employee compared to the average of member states of the Western Association of State Highway and Transportation Officials  
Sec 149(b)(2) Ch 90 SLA 2001(HB 250)

**Alaska's Target & Progress:**

Northern Region Maintenance and Operations, Highways and Aviation maintains highway and airport lane miles with 42.2 lane miles per full time equivalent position. Southeast Region averages 35.3 highway and airport lane miles per full time equivalent. And, Central Region M&O maintains highway and airport lane miles with an average of 37.0 lane-miles per FTE position.

**Benchmark Comparisons:**

Fifteen states average 29.3 lane miles per full time equivalent position (Data Source: OKDOT Survey, 1999 & 2001 results from 15 WASHTO States) as follows:

Arizona	29.89	
California	10.33	(1999)
Colorado	15.98	(1999)
Hawaii	8.86	(1999)
Idaho	29.50	
Montana	35.25	
Nevada	33.30	
New Mexico	30.39	
North Dakota	46.55	(1999)
Oklahoma	39.30	
Oregon	16.77	
South Dakota	42.86	
Texas	40.61	
Utah	41.59	
Washington	18.49	(1999) Average 29.31

**Background and Strategies:**

At the current levels of lane miles per full-time equivalent, the Department is not able to provide an adequate level of service. There is a long list of "deferred maintenance" work – jobs that have not been completed due to lack of personnel and other resources. Staff are required to concentrate on critical needs, such as snow removal, rock slides, flooding, and erosion of roadbeds, and are able to devote less attention to preventive maintenance, such as crack sealing, ditching, and brush cutting. Work on priority maintenance items is scheduled when time and resources permit, and federal funds are used to improve the transportation infrastructure to minimize future maintenance needs.

The Department plans to implement an Alaskan maintenance management system that will establish specific maintenance criteria (roadway surface, drainage, snow & ice control, traffic services, etc.) with defined service levels and associated cost to identify to the public and legislature meaningful performance measures. Use of the maintenance management system will identify specific maintenance areas (e.g., guardrail repair, brush cutting, etc.) lacking in necessary resources. To reduce the average lane miles per employee, lane miles could be eliminated from state highway and aviation systems by transferring to communities, or new fund sources could be developed such as FHWA making more maintenance items eligible under the federal aid highway program.

**Measure:**

Whether the department maintains the pavement condition index (PCI) at 70 for runways and 60 for taxiways and aprons at every applicable rural airport 99 percent of the time.  
Sec 150(b)(1) Ch 90 SLA 2001(HB 250)

**Alaska's Target & Progress:**

Out of those runways, aprons and taxiways inspected, 48% in Central Region, 51% in Northern Region and 96% in Southeast Region have exceeded the pavement condition index identified in this measure. The actual PCI by airport is extremely variable depending upon where the airport is and when it was last upgraded. For example, the Skagway airport has recently been reconstructed and, as the paved areas are all new, PCI scores would be at or near 100. On the other hand, Yakutat has a PCI of 50 and will not be surveyed until a major reconstruction project is completed. That project will begin in 2002. All State and Municipal airports in the Northern Region have current surveys. Rehabilitation paving has taken place on the airports in Nome and Gambell since the last survey. This percentage does not reflect that work.

**Benchmark Comparisons:**

PCI 70 for runways; PCI 60 for taxiways and aprons, based on FAA standards.

**Background and Strategies:**

The PCI is a quantitative indicator of overall pavement condition that, as part of a pavement management system, helps us to determine maintenance and rehabilitation needs at airports. It also helps us to determine priorities when scheduling major pavement projects. However, a PCI score is only part of the story. The Department's goal is to maintain airports' required operational capability through effective staffing, equipment, maintenance, and management practices that ensure our airports are safe and open for business whether they have new pavement or are due for rehabilitation.

These inspections note deficiencies for a broad range of inspection criteria and differ each year depending on FAA focus. Other areas that should be monitored are the existence of repeat discrepancies and attaining 100% correction of deficient areas that do not require a CIP project.

**Measure:**

Alaska Marine Highway System - The revenue per rider mile divided by the operational costs per rider mile.  
Sec 151(B)(2) Ch 90 SLA 2001(HB 250)

**Alaska's Target & Progress:**

The ratio of revenue per rider mile to cost per rider mile for FY 01 was .48. This was obtained by dividing the revenue per rider mile of \$.64 by the cost per rider mile that was \$1.34. Rising fuel costs have increased operational costs significantly since FY99. In fact, fuel prices jumped 47% between FY99 and FY00. This problem was compounded when the price per gallon climbed an additional 30% between FY00 and FY01. This drove the cost per rider mile up 9.5% and pushed the ratio of revenue per rider mile down 6.5%.

**Benchmark Comparisons:**

The Washington State Ferry System reports a ratio of .60. The British Columbia Ferry Corporation reports a ratio of .81. Their cost per rider mile is about the same as the Alaska Marine Highway System. However, their revenue per mile is much higher since they adjust their tariffs to reflect increased expenditures.

**Background and Strategies:**

The Alaska Marine Highway System is on par when compared to the other ferry systems. The exception is the AMHS has lower revenue per rider mile when compared to the British Columbia system. Along these lines, the AMHS implemented a tariff increase effective May 1, 2001. However, the potential revenue from this increase was offset by three factors. First, the highest revenue producing vessel Columbia, could not be returned to service in FY01 as planned. Second, the Malaspina had to be rerouted from the North Lynn Canal (NLC) to cover for the Columbia. This caused a revenue reduction in NLC. Third, the Malaspina has a much smaller car deck capacity and fewer staterooms than the Columbia and consequently could not capture the full financial benefit from the most lucrative route.

This performance measure is influenced by several variables, i.e. seasonal demand, service routes, number of voyages per week between ports and the fluctuation in fuel prices.

**Measure:**

Alaska Marine Highway System - The total ridership, including passengers and vehicles, compared to the five-year ridership average.

Sec 151(B)(3) Ch 90 SLA 2001(HB 250)

**Alaska's Target & Progress:**

The AMHS established a goal to increase ridership by 3% per year. The five-year passenger average for FY96 to FY00 is 359,169 and the vehicle average is 102,097. In FY01, ridership was 339,290 and vehicles totaled 97,596. This represents a passenger decrease of 5.5% and a vehicle decrease of 4.4%. In each case, the decrease is attributable to reduced operating weeks and the Columbia being off line for the summer because of fire damage.

**Benchmark Comparisons:**

There is no good benchmark for this performance measure. The BC Ferries and Washington State Ferries carry substantially more passengers and vehicles because both are short haul and commuter type systems.

**Background and Strategies:**

The Alaska Marine Highway System brought a ninth vessel on line and introduced cross Gulf service in FY99. This measure is a ridership comparison with a nine vs. eight-vessel fleet. A marketing manager was hired in FY 01 to increase ridership. Many marketing efforts are being undertaken to promote Marine Highway ridership. Unfortunately, there are events beyond the Department's control that can and have resulted in ridership reductions (e.g., blockades, strikes, fires, etc.).

**Measure:**

The total construction cost of the annual highway and aviation programs should be within 5% of the contract bid amount.

**Alaska's Target & Progress:**

Out of a representative random sample of 105 projects completed in FY01, the total percentage change from contract bid to completion was approximately 6.1%. This is an improvement over FY00, which was 7%. Central Region Construction and CIP Support reported for FY01 an aggregate percentage change from contract bid to final contract of 2.4%.

**Benchmark Comparisons:**

No benchmark is known. A review of other states will be conducted to determine if similar information is collected and used for management purposes.

**Background and Strategies:**

Currently, the department is working on over 441 active construction projects that span several construction seasons. Significant to the cost of urban projects are traffic maintenance costs necessary for a project to have a minimal impact on the travelling public, heavy public input during the construction of a project, and safety, pedestrian, and environmental considerations. Scope changes during construction are rare, and are undertaken only where there is a substantial advantage to the public, the potential of a significant lost opportunity, a safety consideration and/or a major environmental issue.

Contracts allow specific relief for changed conditions that could not be foreseen, forces of nature, and/or unusually severe weather. Due to these factors, specific projects will occasionally have cost overruns. To decrease contract overruns, some combination of the following is necessary: improve estimating quantities in bid documents, make more field changes that reduce quantities and costs, make fewer field changes that increase quantities or cost, or decline performing extra work requested by others (e.g., local governments, other agencies).



It is also important to note that because large-dollar projects generally take longer to build and usually have more significant environmental and community impacts than the majority of federal-aid highway projects, they have greater potential to experience substantial cost increases and lengthy construction delays. The Public Facilities Branch typically provides design and construction administration services for other state client agencies. During the course of construction these client agencies may direct additional work be performed, making the stated performance measure out of the control of Department personnel.

## Department Budget Summary by BRU

All dollars in thousands

	General Funds	FY2001 Federal Funds	Actuals Other Funds	Total Funds	General Funds	FY2002 Federal Funds	Authorized Other Funds	Total Funds	General Funds	FY2003 Federal Funds	Governor Other Funds	Total Funds
<b>Formula</b>												
<b>Expenditures</b>												
None.												
<b>Non-Formula</b>												
<b>Expenditures</b>												
Administration and Support	1,002.6	0.0	585.9	1,588.5	1,118.6	0.0	538.4	1,657.0	1,143.2	0.0	866.0	2,009.2
Equal	306.5	0.0	232.6	539.1	307.2	0.0	295.6	602.8	313.8	0.0	367.6	681.4
Employment/ Civil Rights												
Internal Review	130.2	0.0	494.7	624.9	58.7	0.0	680.6	739.3	59.2	0.0	697.0	756.2
Administrative Services	3,925.1	0.0	5,687.2	9,612.3	3,903.2	0.0	5,553.5	9,456.7	4,046.4	0.0	6,201.7	10,248.1
Regional Support Services	1,776.7	0.0	2,251.4	4,028.1	1,914.7	0.0	2,124.5	4,039.2	1,969.5	0.0	2,179.5	4,149.0
Statewide Aviation	438.0	0.0	223.3	661.3	451.6	0.0	226.0	677.6	462.0	0.0	231.2	693.2
Planning	342.2	0.0	5,173.0	5,515.2	342.7	0.0	5,548.3	5,891.0	346.7	0.0	5,860.3	6,207.0
Design & Eng Services	1,777.6	0.0	31,998.8	33,776.4	1,920.4	0.0	33,175.3	35,095.7	1,956.0	0.0	35,972.5	37,928.5
Construction/CI P Support	740.9	0.0	26,607.4	27,348.3	742.9	0.0	29,027.7	29,770.6	854.2	0.0	31,291.6	32,145.8
Statewide Facility M&O	12,539.2	35.4	5,169.5	17,744.1	11,429.3	81.8	2,947.1	14,458.2	12,372.6	167.8	2,967.5	15,507.9
State Equipment Fleet	0.0	0.0	18,356.3	18,356.3	0.0	0.0	19,568.7	19,568.7	0.0	0.0	20,346.4	20,346.4
Measure Stnds & Comm Veh. Enf.	1,941.8	0.0	2,101.6	4,043.4	2,016.4	0.0	2,629.5	4,645.9	2,056.2	0.0	2,891.7	4,947.9
Highways and Aviation	0.0	0.0	0.0	0.0	73,133.4	1,634.6	2,968.7	77,736.7	78,716.8	1,655.6	9,019.3	89,391.7
Statewide Highways Snowplowing	257.6	0.0	0.0	257.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statewide Highways and Aviation	500.0	0.0	971.4	1,471.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	FY2001 Actuals				FY2002 Authorized				FY2003 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
North Kenai Maintenance Station	0.0	0.0	0.0	0.0	385.4	0.0	0.0	385.4	0.0	0.0	0.0	0.0
International Airports	0.0	0.0	305.5	305.5	0.0	0.0	375.0	375.0	0.0	0.0	381.2	381.2
Central Region Hwys & Aviation	26,710.7	310.3	3,367.1	30,388.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Whittier Access & Tunnel	0.0	0.0	450.0	450.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ted Stevens Airport	0.0	0.0	0.0	0.0	0.0	0.0	32,789.7	32,789.7	0.0	100.0	34,226.8	34,326.8
Fairbanks International Airp.	0.0	0.0	9,580.4	9,580.4	0.0	0.0	10,202.8	10,202.8	0.0	0.0	10,732.5	10,732.5
Northern Reg Hwys & Aviation	36,172.5	384.9	4,898.4	41,455.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Southeast Reg Hwys & Aviation	8,615.5	0.0	1,267.5	9,883.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Marine Highway System	410.0	0.0	78,449.3	78,859.3	0.0	0.0	79,514.4	79,514.4	0.0	0.0	85,397.5	85,397.5
Front Section Anchorage International Airp.	28,091.0	0.0	0.0	28,091.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	32,832.1	32,832.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Totals</b>	<b>125,678.1</b>	<b>730.6</b>	<b>231,003.4</b>	<b>357,412.1</b>	<b>97,724.5</b>	<b>1,716.4</b>	<b>228,165.8</b>	<b>327,606.7</b>	<b>104,296.6</b>	<b>1,923.4</b>	<b>249,630.3</b>	<b>355,850.3</b>

**Funding Source Summary***All dollars in thousands*

<b>Funding Sources</b>	<b>FY2001 Actuals</b>	<b>FY2002 Authorized</b>	<b>FY2003 Governor</b>
1002 Federal Receipts	730.6	1,716.4	1,923.4
1003 General Fund Match	74.9		
1004 General Fund Receipts	122,381.7	94,022.5	100,433.8
1005 General Fund/Program Receipts	3,221.5	3,702.0	3,862.8
1007 Inter-Agency Receipts	9,124.3	4,476.0	4,562.1
1026 Highway Working Capital Fund	22,900.8	22,588.1	23,662.1
1027 International Airport Revenue Fund	43,551.2	45,275.3	47,048.8
1052 Oil/Hazardous Response Fund	700.0	700.0	350.0
1053 Investment Loss Trust Fund	363.4		
1061 Capital Improvement Project Receipts	72,629.9	71,776.9	83,143.5
1076 Marine Highway System Fund	78,188.2	80,461.0	86,369.8
1108 Statutory Designated Program Receipts	711.5	1,082.2	1,095.5
1147 Public Building Fund	1,082.6		
1156 Receipt Supported Services	1,751.5	1,806.3	3,398.5
<b>Totals</b>	<b>357,412.1</b>	<b>327,606.7</b>	<b>355,850.3</b>

**Position Summary**

<b>Funding Sources</b>	<b>FY2002 Authorized</b>	<b>FY2003 Governor</b>
Permanent Full Time	2,874	2,985
Permanent Part Time	634	600
Non Permanent	9	12
<b>Totals</b>	<b>3,517</b>	<b>3,597</b>

## FY2003 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Alaska Marine Highway System - Vessel Overhaul and Rehabilitation	5,500,000	0	0	5,500,000
Safety Inspection of State Owned High Risk Facilities	200,000	0	0	200,000
Material Stockpiles - Dalton Highway, Glenn Highway and Tok Cutoff	600,000	0	0	600,000
Airport Deferred Maintenance	1,500,000	0	0	1,500,000
Emergency and Non-Routine Repairs	1,000,000	0	0	1,000,000
Facilities Deferred Maintenance and Critical Repairs	800,000	0	0	800,000
Harbor Deferred Maintenance	1,000,000	0	0	1,000,000
Highway Deferred Maintenance	1,500,000	0	0	1,500,000
Weights and Measures Testing Unit Replacement	525,100	0	0	525,100
Corps of Engineers - Harbors Program Formulation	200,000	0	0	200,000
Moose Pass Maintenance Station Closure and Site Clean-up	600,000	0	0	600,000
State Equipment Fleet Replacement	0	0	11,800,000	11,800,000
Statewide Federal Programs	52,649,700	20,650,000	21,406,600	94,706,300
Airport Improvement Program	0	117,519,900	1,500,000	119,019,900
Surface Transportation Program	0	354,330,000	150,000	354,480,000
<b>Department Total</b>	<b>66,074,800</b>	<b>492,499,900</b>	<b>34,856,600</b>	<b>593,431,300</b>

*This is an appropriation level summary only. For allocations and the full project details see the capital budget.*

## Overview of Departmental Budget Changes

### Highway Maintenance and Operations:

The Whittier Tunnel opened for operation in July 2000. This was the first design, build and operate construction project ever developed in Alaska. The contract for the operation of the tunnel will expire in April 2002. At that time the DOT&PF will take over responsibility for its ongoing operations. The Department's FY03 budget request includes the necessary receipt and expenditure authority for the facility whether it is performed through a contractor or a state workforce.

The FY03 Statewide Equipment Fleet (SEF) rates are based on FY01 actuals. The rates for FY03, combined operating and replacement, are increasing a total (net) of \$2.9 million. Increases on the replacement side are due to a greater number of new vehicles and higher replacement costs. The operating side increases represent the independent consultant's review costs and COLA increases, a reallocation from the capital (replacement) side to the operating, and an elimination of credit for prior year gains (overcollection). These gains were distributed (credited against the rates) over a three year period. This year the rates are up from last year because the gains have been fully distributed, and the full costs are now back in the rates.

### Alaska Marine Highway System

The purpose of the Alaska Marine Highway Fund, established in Alaska Statute 19.65.050, is to provide a funding mechanism for the Alaska Marine Highway System (AMHS) that is steady, stable, dependable and predictable. The depletion of the Marine Highway Fund is imminent. The Fund provided stability during times of transition and unexpected events. In the past AMHS has experienced several events that resulted in additional expenditures and lost revenues (e.g., strikes, blockades, etc.). The use of the Fund prevented the loss of several weeks of service and total system disruption. Predictable service was possible. The Department is taking various actions to deal with the depletion problem. Unfortunately, actions intended to generate revenue take time to implement and the fund is in need of immediate general fund support. The addition of \$17 million is necessary to keep the fund balanced, and to provide needed increases to service levels to return to the planned FY99/FY00 levels.

### Administrative Services

The work being done by department employees have inherent safety risks whether on our roadways, airports, vessels, harbors or facilities. Each year DOT&PF spends approximately \$2 million in workers compensation claims. The department pays other costs related to motor vehicle accidents/claims. We need to closely examine these risks, emphasize safety in the workplace and make changes in the way we do business to minimize risk. A safety officer for the department will provide direction and coordinate an appropriate safety program to deal with these issues.

### Departmentwide:

Security is now a major issue following the events of September 11. Requirements for security are changing daily for the airports, marine highway terminals and vessels, and other surface infrastructure including tunnels and bridges. Additional resources are needed to perform mandated functions such as security management, inspection, law enforcement, access control, parking area and perimeter patrols, and administrative functions.

The Department has been experiencing a growth in federal highway and airport construction programs since their reauthorizations and due to the addition of specially designated congressional appropriations. In an effort to meet the needs of the design and construction programs, 46 new positions are being requested. These positions will provide oversight to the increasing number of design and construction contractors and deal with more complex construction projects that incorporate advances in technology. In FY99 the Department eliminated 68 positions within the design and construction programs due to a combination of department reorganization and budget cuts.

The position count for the department shows an increase of 63 full-time positions. The following is a brief explanation for the increase:

### New Positions

- 1 - Statewide Construction Coordinator – oversight and standardization of department construction activities
- 1 - Department Safety Officer – coordinate workplace safety needs and manage workers compensation cases
- 1 - Planner - STIP and AIP federal programs - (federal funds)
- 20 - Design Engineers - manage and supervise design contracts (federal funds)
- 27 - Construction Engineers - manage and supervise construction contracts (federal funds)

- 2 - State Equipment Fleet Mechanics – maintain vehicles being converted from dry to wet
- 1 - Measurement Standards and Commercial Vehicle Enforcement Microcomputer Network Technician – support the ongoing office needs of this division
- 3 - Ted Stevens Anchorage International Airport Capital Project Engineers – manage construction projects (CIP receipts)
- 4 - Alaska Marine Highway – crew needed for the new Metlakatla shuttle
- 2 - Gas Pipeline Engineer and Right of Way Agent - coordination of department gas pipeline activities and right of way permitting for pipeline construction
- 1 - Equal Employment Officer- implement Alaska Unified Certification program

## Summary of Department Budget Changes by BRU

## From FY2002 Authorized to FY2003 Governor

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2002 Authorized</b>	<b>97,724.5</b>	<b>1,716.4</b>	<b>228,165.8</b>	<b>327,606.7</b>
<b>Adjustments which will continue current level of service:</b>				
-Administration and Support	24.6	0.0	14.6	39.2
-Equal Employment/ Civil Rights	6.6	0.0	7.0	13.6
-Internal Review	0.5	0.0	16.4	16.9
-Administrative Services	91.1	0.0	111.6	202.7
-Regional Support Services	54.8	0.0	55.0	109.8
-Statewide Aviation	10.4	0.0	5.2	15.6
-Planning	4.0	0.0	225.2	229.2
-Design & Eng Services	35.6	0.0	838.5	874.1
-Construction/CIP Support	11.3	0.0	667.0	678.3
-Statewide Facility M&O	206.2	1.0	20.4	227.6
-State Equipment Fleet	0.0	0.0	430.8	430.8
-Measure Stnds & Comm Veh. Enf.	39.8	0.0	62.2	102.0
-Highways and Aviation	1,966.5	21.0	-299.4	1,688.1
-North Kenai Maintenance Station	-385.4	0.0	0.0	-385.4
-International Airports	0.0	0.0	6.2	6.2
-Ted Stevens Airport	0.0	0.0	647.9	647.9
-Fairbanks International Airp.	0.0	0.0	290.7	290.7
-Marine Highway System	0.0	0.0	1,648.7	1,648.7
<b>Proposed budget increases:</b>				
-Administration and Support	0.0	0.0	313.0	313.0
-Equal Employment/ Civil Rights	0.0	0.0	65.0	65.0
-Administrative Services	52.1	0.0	536.6	588.7
-Planning	0.0	0.0	86.8	86.8
-Design & Eng Services	0.0	0.0	1,958.7	1,958.7
-Construction/CIP Support	100.0	0.0	1,596.9	1,696.9
-Statewide Facility M&O	737.1	85.0	0.0	822.1
-State Equipment Fleet	0.0	0.0	346.9	346.9
-Measure Stnds & Comm Veh. Enf.	0.0	0.0	200.0	200.0
-Highways and Aviation	3,616.9	0.0	6,350.0	9,966.9
-Ted Stevens Airport	0.0	100.0	789.2	889.2
-Fairbanks International Airp.	0.0	0.0	239.0	239.0
-Marine Highway System	0.0	0.0	4,234.4	4,234.4
<b>FY2003 Governor</b>	<b>104,296.6</b>	<b>1,923.4</b>	<b>249,630.3</b>	<b>355,850.3</b>